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ABSTRACT

America today is haunted by the paradox of hunger and food insecurity amidst unprecedented prosperity. Despite a record economic expansion, millions of American households struggle to find sufficient resources to feed family members. Focusing on families with children, this report presents current evidence on hunger and food insecurity, identifies problematic aspects of major poverty programs and systemic economic forces increasing inequality, and offers a comprehensive policy framework to address the problem. National studies show remarkably persistent levels of aggregate household food insecurity over the last 4 years despite favorable national economic trends. Approximately 10 percent of all U.S. households and 15 percent of households with children reported food insecurity. Food insecurity varied widely among states, and local studies found hunger rates among various at-risk groups that were 5-10 times the overall national rate. Emergency food providers were facing increased food needs and reported increased numbers of families with children among their clients. For many workers, economic insecurity has been fostered by structural economic changes: long-term earnings stagnation, labor market volatility, and changing employment structure. In addition, welfare reform appears to be having significant negative spillover effects on the Food Stamp Program. Legal immigrant families, even those whose children are citizens, have less "safety net" assistance and are at increased risk of hunger. Recommendations are offered for restructuring and increasing access to the Food Stamp Program and for developing a cohesive national social welfare policy. (Contains 53 references.) (SV)

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# Paradox of Our Times: Hunger in a Strong Economy

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# Paradox of Our Times: Hunger in a Strong Economy

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January 2000

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The authors are solely responsible for the contents of this report.

## FOREWORD

Our nation crosses into the New Millennium experiencing the longest and strongest economic boom ever. The economy is humming, our people are employed, and the signs of dollars dance daily on the pages of our papers. The good times appear to have no end. Everybody is doing well... on average. But no family is average, and average data hide a lot in the homes of American families.

During this "*best of times*" some 35 million Americans live in poverty. Millions go hungry. They have no health insurance. They cannot pay the rent. Their utilities are cut off. They run out of food... parents and children go to bed without enough to eat. America in 2000.

This report reveals the kind of stark inequality that we often observe so clearly in other countries. More Americans are working than ever before, but the need for emergency food programs is growing. The level of hunger and food insecurity in such a strong economy is virtually *without parallel* in our lifetimes. Millions of citizens have left welfare for work. They play by all the rules. But they cannot buy enough food to feed their children – not even with a full-time paycheck. Something is wrong.

The fundamental problem is that the suffering is man made. A strong economy in a strong democracy does not produce hunger – its leaders do. They fail to recognize the suffering. They fail to act to end it. They passively kneel before the god of Good Times rather than taking advantage of a strong economy to extend the blessings of democracy to all our people. Rather than leadership, the nation is treated to partisan bickering. We are treated to policies that seem to worsen the surprising degree of suffering among our people.

No political leader steps to the plate with a policy framework bold enough to carry us into the years ahead. Some are tied to the tired answers of the past, but we need a future beyond the welfare state. Others embrace the god of devolution, as if fifty different state policies were the way to promote the well-being of one people. But what we need is a new *framework* for the future, one that treats our people as assets and truly invests in their productivity and well-being.

While good times come and go, we now know that even the best of times are not sufficient. Even the strongest economy does not replace the need for political leadership to extend its blessings more evenly to all. The paradox of hunger amidst a booming economy sends a powerful message: Economic averages are not the measure of our success, and food pantries are not the hallmark of our decency. America needs true political leadership to extend the benefits of a strong democracy to all our people.

J. Larry Brown, Director
Center on Hunger and Poverty

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## HIGHLIGHTS OF THE PARADOX

***It was the best of times…***

- The stock market continues to boom, and the average after-tax income in the top fifth of American households has increased a robust 43% since 1977.
- The national unemployment rate is the lowest in 30 years, and the federal budget surplus is positive for the first time since the sixties.
- The welfare caseload has declined by almost 50%, food stamp utilization is down by over one-third, and the number of children living in poverty has slowly dropped since 1993.

***It was the worst of times…***

- Workers with earnings below the poverty line report little job stability, with 30% being in their current place of employment less than six months.
- The after-tax income of the bottom fifth of households has decline by 9% over the past two decades.
- Despite the strong economy, about 15% of American households with children were food insecure each year of the four-period ending in 1998 – 12.4 million children under age 18.
- Nearly one in three households headed by single mothers is food insecure; one in ten is hungry.
- Over one-third (38%) of families leaving welfare struggle to provide food for their children.
- Emergency food programs across the country report an increased demand for food assistance – much of it from families. Increases of 14 - 38% over prior years have been documented in national, state and local studies.
- During fiscal year 1997, the number of children living in poverty dropped by 3% while the number of children participating in the Food Stamp Program dropped over three times as much (10%).
- The percentage of poor children whose families received food stamps dropped from 94% in 1994 to 75% in 1998.

***And even worse times for legal immigrants…***

- Over half a million legal immigrants remain ineligible for food stamps due to changes introduced in the 1996 federal welfare law and more have learned to be leery of participation in the program.
- Loss of food stamps has led to greater food insecurity. In San Francisco, for example, 33% of the children in legal immigrant households cut from food stamps, experienced *moderate to severe hunger*.

*"It was the best of times, it was the worst of times..."* Charles Dickens

# I. INTRODUCTION

America today is haunted by the paradox of hunger and food insecurity amidst unprecedented prosperity. Despite a record economic expansion that is now in its ninth year, accompanied by an historic mix of low inflation and low unemployment, millions of American households are struggling to find sufficient resources to feed their family members.

Signs of our economy's unparalleled prosperity are everywhere: the national unemployment rate, currently at 4.1 percent, is the lowest in thirty years; after-tax average income is expected to be 20% higher in 1999 than in 1977 after adjusting for inflation; the stock market toys repeatedly with new highs; consumer spending is at an all-time high; the federal budget surplus is positive for the first time since the sixties; and even the poverty rate has edged downward with fewer children living in poverty today than at any time since 1980.[1] Among the industrialized economies of the world, the United States has emerged from a period of heavy corporate restructuring and deregulation, and stands vibrant and flexible, leading the world in technological innovation.

According to our national leaders, significant social goals have also been accomplished during this period. Over the last half decade, a profound transformation of our social welfare system has occurred as key elements of the New Deal framework have been replaced by time-limited public assistance and an arrangement in which states have great flexibility over the design and implementation of their welfare programs. Congressional intent to reduce the number of poor families receiving government benefits has been achieved in a remarkably short period of time. The percentages of Americans currently on welfare (2.7%) or receiving food stamps (6.6%) are at historic lows: for welfare cash assistance, the participation rate is the lowest in more than three decades while the food stamp participation rate is the lowest since 1978 ("Green Book", 1998).

The hallmark of these economic and policy accomplishments, however, is paradox. Beneath the surface of almost unparalleled economic vitality and the touted "success" of the 1996 welfare reform law lie deep contradictions and mismatches in the nation's social and economic fabric. The most troubling aspect of our times is that the country's economic prosperity has not been *broadly* or *deeply* shared. And perhaps the most glaring manifestation of this fact is the level of food insecurity and hunger in our society. Hunger persists in every region of the country and in every state – in urban, rural, and suburban areas, in households with children, among the elderly and other adults who live on their own, among minority and immigrant communities. Indeed, in some pockets of our society, food insecurity and hunger are at levels that pose significant public health

[1] Shapiro and Greenstein (1999); U.S. Census Bureau, *Statistical Abstract of the United States 1999*.


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problems, seriously compromising individual and family health and well-being while generating a myriad of societal costs.

This report constitutes a new and somewhat disturbing look into America in 2000. Focusing on families with children, it has three main purposes. The first is to present the most current evidence on the problem of food insecurity and hunger in America, synthesizing information from three key sources: national studies, state and local studies, and finally, reports concerning the use of the non-governmental emergency food system. The second purpose is to identify the key forces driving food insecurity and hunger within what is the now the longest economic expansion since the Vietnam War. In particular, we examine two sets of factors: problematic aspects of the two major programs designed to assist poor families—Temporary Assistance to Needy Families and the Food Stamp Program—*and* at a more systemic level, economic forces that are creating growth but also are increasing inequality, insecurity, and wage stagnation at the lower end of the labor market.

The final purpose of this report is to provide a framework for a comprehensive approach to the problem of hunger and food insecurity in America. A three-pronged approach is suggested: 1) attending to the immediate need to improve access to the Food Stamp Program for people who do not have secure and safe sources of sufficient food, 2) recasting the Food Stamp Program to orient it more to the needs of low-income working families, and 3) addressing the deepest roots of hunger in America through a fundamentally new paradigm for domestic social policy that responds to – rather than lags behind--the country's new social and economic realities. Among the key components of such a framework must be a revamped social insurance system (including improved unemployment insurance and portable benefits), more comprehensive income support programs that help families supplement their earnings and stabilize their economic circumstances, and opportunities for individuals and families to build their assets and economic security over the various stages of life.

## II. HUNGER AND FOOD SECURITY IN THE UNITED STATES: WHAT DOES THE EVIDENCE TELL US?

Information about the extent and severity of hunger and food insecurity[2] in the U.S comes from several sources. To provide information about circumstances at the national level, in 1995 the U.S. government began to annually collect data on the prevalence of food insecurity and hunger among households. State and local studies of household food security, typically conducted by non-governmental organizations, also contribute important information. Finally, evidence of food insecurity comes from studies that document changes in emergency food demand in various parts of the country. These varied sources of information capture different aspects of food insecurity and hunger in America today, and taken together constitute a composite of the problem.

### National Data on Food Insecurity and Hunger

Prior to the mid-1990s, estimates of the number of households or individuals who were hungry or at risk of hunger relied upon extrapolations of the poverty rate. With the development and implementation of the USDA Food Security Measure,[3] the ability to consistently and reliably measure the prevalence of hunger improved dramatically. The U.S. government now collects information on the food security of households in all states, and reports on an annual basis the food security status of population groups over time.

The United States Department of Agriculture (USDA) has released four years of household food security data, which together cover the period from 1995 to 1998.[4] The most recent data released (1998 figures) show that an estimated 10.5 million households experienced some degree of food insecurity, or 10.2% of all households in the United States. Of the more than 30 million people who lived in these households, nearly 40% (or 12.4 million) were children. Over 9 million households (3.6%) experienced hunger, the most severe state of food insecurity (USDA, 1999).

In 1998, households with children – the focus of this report – experienced food insecurity at more than double the rate for households without children (15.2% versus 7.2%). Households with the youngest children (under six) experienced an even higher level of

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[2] *Food insecurity* occurs whenever the availability of nutritionally adequate and safe food, or the ability to acquire acceptable foods in socially acceptable ways, is limited or uncertain. *Hunger* is defined as the uneasy or painful sensation caused by a recurrent or involuntary lack of food and is a potential, although not necessary, consequence of food insecurity. Over time, hunger may result in malnutrition.

[3] The USDA Food Security Core Module consists of an 18-item instrument constructed as a scale measure. The items ask about a household's experiences of increasingly severe circumstances of food insufficiency and behaviors undertaken in response to them during the 12-month period preceding the survey (Hamilton et al, 1997).

[4] The Advance Report (Nord, 1999) builds on an earlier historic report released in 1997 that presented the first-ever national prevalence estimates of food security using 1995 data collected by the U.S. Census Bureau.

food insecurity (16.3%). Of the different types of households with children, those headed by single females showed the highest food insecurity and hunger levels, with nearly one in three reporting food insecurity and one in ten experiencing hunger (USDA, 1999).

Food insecurity prevalence for households with children under 18 remained virtually unchanged across the four-year period ending in 1998 at about 15% (see table below), although the data indicate a small decline in the prevalence of hunger. Given the unprecedented strength of economic indicators during this period, a decline in the national food insecurity prevalence could reasonably have been expected. Instead, the data indicate that food insecurity remains a serious, persistent problem in the U.S. with a significant proportion of families and individuals struggling to meet their basic food needs.

**Food Security Prevalence Estimates for Children and Households with Children 1995 and 1998**

| | 1995 | | 1998 | |
|---|---|---|---|---|
| | 000s | % | 000s | % |
| **Households with children under 6** | 18,003 | 100.0 | 17,176 | 100.0 |
| Food insecure | 3,047 | 16.9 | 2,796 | 16.3 |
| • Without hunger | 2,149 | 11.9 | 2,132 | 12.4 |
| • With hunger | 898 | 5.0 | 664 | 3.9 |
| **Households with children under 18** | 37,520 | 100.0 | 38,178 | 100.0 |
| Food insecure | 5,791 | 15.4 | 5,812 | 15.2 |
| • Without hunger | 3,940 | 10.5 | 4,216 | 11.0 |
| • With hunger | 1,851 | 4.9 | 1,596 | 4.2 |
| **Children in households** | 70,279 | 100.0 | 71,463 | 100.0 |
| Food insecure | 12,231 | 17.4 | 12,373 | 17.3 |
| • Without hunger | 8,131 | 11.6 | 9,114 | 12.8 |
| • With hunger | 4,100 | 5.8 | 3,259 | 4.6 |

Source: U.S. Department of Agriculture (1999). *Advance Report on Household Food Security in the United States, 1995-1998.* Nord, M. (September 28, 1999). *ERRATA Table 2D in Household Food Security in the United States 1995-1998 (Advance Report).*

In addition to the USDA, the Urban Institute also documents food insecurity and other measures of economic well-being as part of a multi-year national monitoring project. This effort includes the fielding of a nationally representative survey called the National Survey of America's Families (NSAF). Based on a sample of 44,461 households in 13

states, the 1997 NSAF found that *half* of all families at 200% of the poverty line or below worried about food shortages or had difficulty affording food (Urban Institute, 1999).[5] In their examination of low-income households, the USDA reported that nearly 40% of all households whose incomes were below half of the poverty line experienced food insecurity in 1998 (USDA, 1999).

**State and Local Food Insecurity Prevalence**

Studies that measure state and local food insecurity prevalence differ in scope and methodology. Some studies of household food insecurity provide evidence of the statewide prevalence, while others detail the characteristics of household food insecurity on a local level.[6] Studies of economic well-being often incorporate a measure of food insecurity as well. Depending upon the scope of the study, samples range from random, representative samples to convenience samples of at-risk populations. Although studies use questions from the USDA Food Security Core Module, each sampling approach provides specific information about households that experience food insecurity and hunger.

Food insecurity and hunger prevalence appears to vary considerably at the state level. USDA data shows that the percentage of households experiencing food insecurity ranged from 4.6% of households in North Dakota to 15.1% of households in New Mexico (calculated as a three-year average over the period of 1996-1998) (Nord et al, 1999). The Urban Institute survey found that the percentage of low-income families who worried about food or had difficulty purchasing food among the 13 states surveyed ranged from 47% in Wisconsin to 61% in Texas (Urban Institute, 1999).

These survey results have been augmented by a number of recent studies conducted by citizen groups, academic institutions, and state government agencies:

- A survey of at-risk households in *Green Bay, Wisconsin* conducted at 21 meal sites in April and May 1998 found that 66% of respondents reported food insecurity with varying degrees of hunger. Of these, well over half (58.1%) suffered moderate to severe hunger (Kok, 1998).

- A *California* study of 823 families with incomes below the poverty line seeking emergency services in April and May 1998 found that 27% of households experienced food insecurity with severe hunger, and 33% were food insecure with

[5] To assess household food security, the NSAF includes three questions from the USDA's Food Security Core Module.

[6] The studies reviewed for this report were published or released after January 1998 and represent only a portion of available data. For a more comprehensive collection of state and local food security studies, see the compilation of studies released in February 1999 by the Food Security Institute at the Center on Hunger and Poverty. Additional summaries of hunger studies will be released by the Center on Hunger and Poverty in early 2000.

moderate hunger present - an overall hunger prevalence of 60% (California Food Policy Advocates, *Persons...*, 1998).

- Using the USDA's Core Food Security Module, the *Rhode Island* Department of Health conducted a pilot food security assessment of households residing in poverty census tracts. Of the 410 households surveyed, 24.4% were determined to be food insecure. Among food insecure households, 15.6% were food insecure without hunger and 8.8% of households experienced hunger (RIDOH, 1999).

### *Food Insecurity Among Former Welfare Recipients*

In addition to the sources cited above, documentation on the food security status of former welfare recipients is being collected by states in their examination of the effects of policy changes on former recipients. While many studies of the economic well-being of this population are currently underway, some results are available. These studies, though different in their methodologies, document persistent food insecurity among former welfare recipients.

According to Urban Institute's national study more than one-third (38%) of former recipients reported that they ran out of food and did not have money for more (Loprest, 1999). A number of state surveys of former welfare recipients report similar outcomes:

- In a *Wisconsin* welfare "leaver" study, 375 former recipients were asked if there was ever a time after leaving welfare when they could not buy food; 32% of those families responded "yes." Of those unable to purchase food, 49% reported going either to a church, food pantry, food kitchen, or shelter at some point; 46% went to friends and relatives, and 5% reported going hungry (WDWD, 1999).

- In 1997, 17% of 384 *South Carolina* survey respondents reported that there were times, after leaving the welfare program, when they had no way to buy food (SCDSS, 1999).

- A post-time limit welfare tracking study in *Connecticut* found that 22% of 421 respondents indicated that they "sometimes" or "often" did not have enough to eat. Of these respondents, 96% reported that the food they bought did not last and they did not have money to buy more sometime during the three months after the benefit termination (Hunter-Manns et al, 1998).

- In *Michigan*, 27% of families who had their cash assistance benefits terminated due to sanctions reported not having sufficient food (Colville et al, 1997).

**Reports from Emergency Food Assistance Providers**

Emergency food providers, like soup kitchens and food pantries, help supplement the food obtained through federal food assistance programs, and also provide food to those who are either ineligible for or do not participate in government assistance programs. In addition to receiving commodities through the Temporary Emergency Food Assistance Program (TEFAP), emergency food providers obtain food supplies from food banks and food rescue organizations, known collectively as food recovery organizations (Youn, 1999).

When families experience food shortages, some turn to emergency food programs, yet, many households remain food insecure. In fact, the very act of seeking emergency food assistance implies that families are unable to meet their food needs after pooling resources from their own households, federal food programs, or friends and family. Utilization of emergency food assistance programs is therefore an indicator of food insecurity.

***Emergency Food Demand High Nationwide***

Recent national studies document persistent, and even increased, demand for emergency food assistance. **Second Harvest** reported that its emergency food programs across the country served over 21 million people (an unduplicated count) in 1997. Of the clients interviewed, 78.5% had insufficient income for food and relied upon agency or government food programs. Over one-quarter (27.5%) of Second Harvest clients reported that adults in their household missed meals during the previous month because they did not have enough food or money to buy food. Of those households with children, 9.1% reported that children missed meals in the prior month for similar reasons (Second Harvest, 1998). In addition, **Catholic Charities** reported that during 1998, the demand for emergency food assistance rose an average of 38% among reporting agencies (GAO, July 1999).

The recently-released **U.S. Conference of Mayors** survey of 26 major cities reveals that 85% of respondent cities reported a rise in emergency food assistance demand between November 1998 and October 1999, with requests increasing by an average of 18% over the previous year. For those cities reporting increases, the rising demand for emergency food ranged from 1% in Chicago to 45% in Los Angeles. Nearly 60% of those requesting food assistance were children and their parents. In addition, over two-thirds (67%) of adults requesting food assistance were *employed*. In all of the cities surveyed, people relied upon emergency food assistance facilities not only in emergencies but also as a steady source of food over long periods of time. Officials in virtually every city surveyed anticipate increased requests for emergency food assistance in 1999, especially among families with children (U.S. Conference of Mayors, 1999).

### *State and Local Emergency Food Programs Seeing More Families*

Reports from states and metropolitan areas present a similar, if not a more striking, picture of emergency food demand in various regions throughout the United States. Of those studies reviewed, recent increases in the number of clients ranged from 14% to 36%.

- *Maryland* emergency providers reported that from September 1997 to September 1998, soup kitchens experienced a 25% increase in the number of children served, a 24% increase in the number of women served, and a 19% increase in the number of families served. Food pantries reported an 8% increase in children, a 21% increase in women, and a 24% increase in the number of families served (Center for Poverty Solutions, 1998).

- A *Massachusetts* study of 98 emergency providers found that between 1996 and 1997, 63% experienced a rise in the total number of emergency food requests, with clients served increasing an average of 22.4%. Over half (52.4%) of the clients requesting emergency food assistance were families with children, and nearly half of the programs reported an increasing number of families with children requesting services. (Project Bread and the Center on Hunger and Poverty, Tufts University, 1998).

- A recent survey of 330 *New York City* providers revealed that emergency food requests at each site increased an average of 36% from January 1998 to January 1999. Providers reported a 72% increase in the number of families with children seeking emergency food assistance (New York City Coalition Against Hunger, 1999).

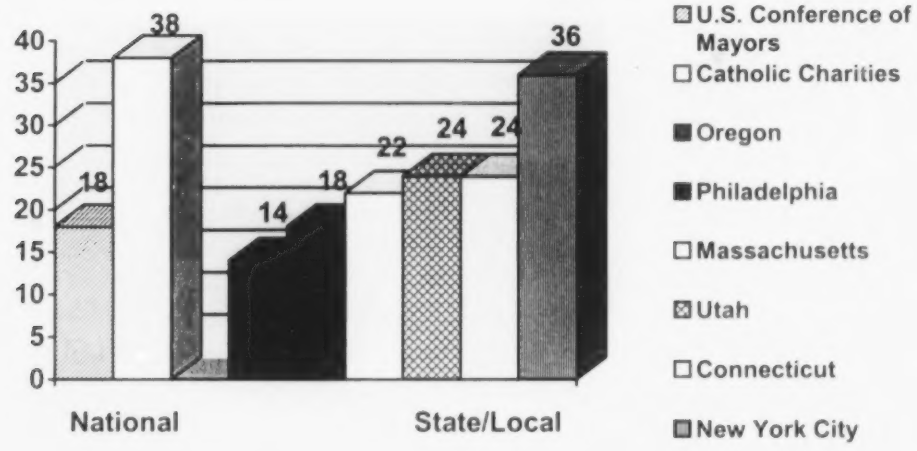
- Of the greater *Philadelphia* community food providers surveyed between April 1998 and April 1999, 67% reported a greater demand for food assistance during this time period. Overall, providers reported an 18% increase in the number of individuals seeking food assistance compared to the previous year, with 45% of their clients from families (Philabundance, 1999).

- *Connecticut* also reported higher demand for food assistance. Of the 128 food sites that reported an increased demand for assistance between October 1997 and October 1998, the number of persons served grew by an average of 24% (Connecticut Association for Human Services, 1999).

- At emergency food programs in *Utah*, researchers found a 24% increase in the number of individuals served from 1997 to 1998, and an astonishing 107% increase over the prior two-year period (Utah Food Bank, 1999).

- An *Oregon* survey of over 680 regional food providers reported that the number of people who received emergency food boxes increased 14% from 1997 to 1998, to a high of 458,208 individuals, or 1 in 8 people in Oregon and Clark County, Washington (Oregon Food Bank, 1999).

**Range of Reported Increases in Demand for Emergency Food Assistance: Selected Studies from 1996 through 1999**




Note: These studies were conducted at different points in time using differing methodologies.

***Emergency Food Providers Struggling to Meet Demand***

Emergency food providers are struggling to meet the increased food needs of their clients. Although the provider network continues to grow, reports indicate that it is unable to meet the demand for assistance, and providers must sometimes either turn clients away or provide them with less in order to stretch resources over a growing client population. For example, the U.S. Conference of Mayors report that in 1998, on average, 21% of requests for emergency food assistance went unmet (U.S. Conference of Mayors, 1999).

Studies also indicate a shift in the composition of people using emergency food programs. Soup kitchens, which have traditionally served homeless adults, report an increase in the number of families with children. Pantries report increased requests for evening hours in order to serve needy working parents. And food bank directors report increased *regular* use of their programs by clientele who used to stop in occasionally for a bag of food.

Taken together, this evidence raises red flags concerning the depth of food insecurity experienced by many families. Typically, seeking out emergency food assistance is an end-stage coping strategy. As such, emergency food program activity constitutes a unique barometer for gauging the paradox of hunger in a strong economy, and is evidence of the numbers of households and individuals for whom neither employment in

a the strong economy nor federal safety nets are providing the support necessary to ensure their food security.

**Summing Up the Evidence**

Based on data from national, state and local studies as well as reports from emergency food providers, the evidence on hunger and food insecurity in the United States can be summarized as follows.

- The **national** data show remarkably persistent levels of aggregate household food insecurity over the last four years that appear unresponsive to favorable national economic trends. Approximately one in ten households in the US report food insecurity; over 30 million adults and children live in these households.
- Household food security at the **state** level varies widely around the national average, ranging from less than 5% to over 15%.
- **Local** studies using the same food security survey instrument used by the USDA have found hunger prevalence rates among various at-risk groups that are 5 to 10 times the overall national rate.
- Recent reports from **emergency food assistance providers** across the country indicate greater dependence of food insecure families on the emergency food system, increased regular reliance on this system to meet household food needs, a significant number of unfulfilled requests, and greater numbers of families with children among their clientele.

## III. What is Fueling the Paradox?

A disturbing change has occurred in the interaction between household well-being and historic economic trends. In the past, the prevalence of hunger in the nation has mirrored the economy, worsening in economic downturns and improving in upswings. Today, however, more than 30 million Americans remain food insecure; almost one in six children, or 12.4 million, live in households reporting food insecurity, a figure that has been consistent over the last four years. What accounts for this contradictory combination of record economic growth, on the one hand, and the difficulties which millions of families confront in meeting this most basic need?

Two factors appear to be fueling this paradox. The first has to do with structural aspects of the new economy that foster economic insecurity for many workers. The second concerns the impact of recent federal policy changes on the food security of families.

### Economic Insecurity in the New Economy

Over the course of the last decade, economic prosperity has been driven by rapidly changing technology, constantly shifting products and markets, and intense global competition. But increased volatility and insecurity, and growing disparities in the fortunes of American workers, have accompanied this dynamism. While highly educated workers with high levels of skill have tended to fair well, many other workers are struggling with greater demands on themselves and their families, and erosion of their income and job security, pension and health benefits. Among the key sources of economic insecurity in the new economy are the following:

***Long-term stagnation in earnings.*** Since 1996, real wages have risen 2.6% annually for the average American worker after years of being stagnant or declining (Mishel et al, 1999). Tight labor markets, low inflation and a higher minimum wage have helped spur this recent growth. Yet, over the past decade, real hourly wages for entry-level workers *fell* 7.4% among men and 6.1% among women (Mishel et al, 1999). The recent rebound in household income for low-wage earners is primarily attributable to increased hours worked, rather than higher wages.

***Increasing labor market volatility for most workers.*** Rapid turnover and high levels of labor market mobility have become the norm for people at all levels of earned income regardless of whether the position is classified as "permanent." Even with today's high rate of employment, low-wage workers typically cannot rely on steady employment. Workers with earnings below the poverty line report little job stability, with 30% being in their current place of employment less than six months (Heldrich Center, 1999).

***High levels of contingent employment and multiple job holding.*** As firms put a premium on flexibility, the proportion of jobs that are non-full-time and non-permanent

(i.e., seasonal, temporary, short-term, or part-time) has been increasing throughout the economy, particularly in service industries. A high percentage of these jobs pay low wages and leave many workers in seemingly endless cycles of dead-end jobs, even in the core of high-tech industries. Compared to full-time jobs, part-time jobs tend to be lower skilled and lower paid, and they typically offer poorer chances of promotion, less job security, inferior benefits, and lower status within the workplace. At the same time, low-wage workers increasingly are working full time, often by holding multiple jobs.

***Divergent trends in employment structure***. Over the last twenty years, low-wage employment in service industries has grown substantially, both in absolute terms and as a proportion of total employment. At the same time, higher paying jobs in heavy industry and manufacturing are no longer there for low-skilled workers. A growing gap in the quality of jobs between different sectors in the economy has accompanied this shift. Service workers are more likely than manufacturing workers to have lower incomes, fewer opportunities for full-time employment, greater inequality in earnings, and lower fringe benefits.

***Growing inequality.*** According to the Congressional Budget Office, "income disparities are greater in the years at the end of the 20th Century than at any time in at least the previous quarter century" (Shapiro & Greenstein, 1999). Shrinking real wages and unreliable employment, along with changes in tax laws benefiting those with the highest incomes have greatly affected the distribution of income in the United States over the last two decades, causing a widening of income gaps between the rich and the poor. Between 1977 and 1999, the top fifth of households is projected to experience an average gain in after-tax income of 43%. The average after-tax income of the middle fifth of households is expected to grow only 8%, and that of the bottom fifth of households to decline by 9%. The economy has also been generating widening *wealth* gaps. In fact, wealth today in the United States is more concentrated than at any time since the Great Depression, and the top fifth of households now possesses an even larger share of the national wealth than of the national income (Shapiro & Greenstein, 1999).

**Policy Quagmire: TANF and the Food Stamp Program**

The welfare reform legislation ushered in by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) not only changed the character of the former Aid to Families of Dependent Children (AFDC) program, but it *also* appears to have changed the chemistry of the relationship between cash assistance to poor families and the Food Stamp Program. In fact, changes in the new welfare cash assistance program, Temporary Assistance to Needy Families (TANF), appear to be having significant *negative* spillover effects on the Food Stamp Program.

## MOVEMENT OFF WELFARE, BUT NOT OUT-OF-POVERTY

In early 1999, the U. S. General Accounting Office reviewed 17 state studies on the status of families who have left welfare. GAO concluded that only seven of the 17 state "leaver" studies had enough information to generalize findings to most families who had left welfare. In these seven states, 61-71% of the adults in the families who left welfare were employed at the time of the study, with an average wage of $6.75 an hour (GAO, April 1999). If quarterly earnings were maintained and extrapolated to a year, these working families would have an average annual earned income ranging from $9,512 to $15,144 (GAO, April 1999). For many households this would represent an income below the poverty level – $13,650 for a three-person family and $16,450 for a four-person family in 1998.

A separate Urban Institute study of families leaving welfare surveyed a national sample of recipients who left welfare between 1995 and 1997. Although this period primarily pre-dates the implementation of federal welfare reform, many states had already instituted changes to their welfare programs prior to the 1996 federal law through the waiver process. In the Urban Institute study, similar proportions of respondents report leaving welfare because of increased earnings or new employment (69%) and 61% were still working at the time of the interview (Loprest, 1999). The median hourly wage of employed former recipients was $6.61; with one quarter of the former recipients earning more than $8 an hour, and another 25% making less than $5.29 an hour (Loprest, 1999).

The Urban Institute study further documents the status of those who left welfare, but were not employed. Fourteen percent of former recipients who did not have earnings themselves, have a working spouse or partner. In a quarter of the families, there was no worker at all. Half of the families with no worker report some type of income, such as child support payments, Social Security, or Supplemental Security Income (SSI). The remaining 12% of all former recipients have no reported income from any source (Loprest, 1999).

Nationally, the AFDC/TANF cash assistance caseload has declined steeply over the period from 1994 to 1999, decreasing by half from 5 million families to 2.5 million families by June 1999.[7] This decline has been attributed in part to new welfare policies at the state and national level, to improved local labor markets, and to increases in the minimum wage and the Earned Income Tax Credit (EITC).[8]

[7] TANF recipient caseload declines from their peak in each state range from a high of 89% in Wisconsin and 91% in Wyoming and to a low of 20.5% in Rhode Island by June 1999 (USDA, Dec. 1999).

[8] The August 1999 report of the Council of Economic Advisors (CEA) attributes the decline in the caseload from 1993 to 1998 to several factors. Before the 1996 federal welfare law, approximately one-third of the decline in the AFDC caseload is attributed to improvements in the labor market and another 15% to state efforts to reform AFDC through the waiver process. Since 1996, the CEA report attributes approximately one-third of the caseload decline to the new federal welfare law, another 10% to improved labor markets, and up to 16% to the increase in the federal minimum wage (CEA, 1999). Other researchers similarly determined that just over half of the AFDC decrease between 1994 and 1996 could be explained by changes in unemployment, but changes in economic factors appear to explain a much smaller share of the

Federal policy changes under PRWORA also made the following major changes to the Food Stamp Program:

- ***Reduced Food Stamp Benefits and Adjusted Some Deductions***
  The maximum food stamp benefit was reduced from 103% to 100% of the Thrifty Food Plan. The standard deduction was frozen at fiscal year 1996 levels, while planned increases to the shelter cap deduction were reduced and will be frozen in fiscal year 2001.
- ***Disqualified Many Legal Immigrants from the Program***
  Nearly a million legal immigrants receiving food stamps lost their eligibility. Subsequent Congressional action in 1998 restored eligibility for approximately 250,000 children, disabled adults and elderly.
- ***Imposed Time Limits for Some Childless Adults***
  Able-bodied adults without dependents (ABAWDs) are subject to new work requirements. If they do not meet the requirements, they are limited to 3 months of food stamp benefits in any 36-month period.

Now, three years after new federal and state policy changes have been put into motion by PRWORA, they appear to have had significant unintended effects on the Food Stamp Program and, therefore, on the extent and severity of food insecurity among low-income populations in the United States. Two serious consequences stand out above all others:

- **A much greater decline in food stamp participation has occurred than is warranted by the improved economy and food stamp policy changes**; and

- **The resulting food stamp caseload decline has shifted more of the responsibility for food assistance from public programs to private emergency food programs.**

### *Food Stamp Program Caseload Decline*

From its peak in fiscal year 1994 to fiscal year 1999, the Food Stamp Program (FSP) caseload dropped by 36%, or 10.1 million individuals (CBPP, October 1999). The mid-1999 caseload of 17.8 million individuals constitutes a participation rate of 6.6% of the total population, *the lowest participation rate reported since the last major policy changes in the program two decades ago.*

Some of the overall FSP caseload decline is attributable to the impact of salutary economic conditions, and some to the new 1996 federal welfare law which made certain groups of people ineligible for food stamps. Researchers estimate that somewhere

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caseload declines that have occurred since 1996 (Wallace & Blank, 1999). Earlier studies demonstrated that the expansion of the Earned Income Tax Credit (EITC) is responsible for more than half of the increase between 1984 and 1996 in the proportion of single mothers who are employed (Meyer & Rosenbaum, 1998).

between 28 and 44% of the decline can be attributed to improved labor force factors that raised family incomes above the eligibility cutoff (Wallace and Blank, 1999). Policy changes effecting food stamp eligibility for certain population groups account for another 10 to 25% of the decline (Beebout, 1998 and GAO, July 1999).

These two factors together, however, do not fully account for the decline in the food stamp rolls, especially among families. The Congressional Budget Office attributes the remainder of the decline to the replacement of AFDC with the TANF program (CBO, 1998). After a comprehensive analysis, other researchers also have concluded that the food stamp caseload is influenced by political and program variables initiated by TANF that should have had no direct effects on the Food Stamp Program (Wallace and Blank, 1999).

Most recipient households receive food stamps while on TANF, and have such low incomes when they leave the program they retain food stamp eligibility.[9] Yet, many join other low-income, working families in their poor showing in FSP participation. Urban Institute's 1997 National Survey of America's Families (NSAF) found a 42% participation rate for former welfare recipients with incomes below the food stamp eligibility cutoff. This is similar to the traditionally low FSP participation rate of two out of five eligible *working* families who have not received welfare (Zedlewski and Brauner, Nov. 1999).

It is even more significant that *the lowest income households leaving welfare are also leaving the FSP*. According to the NSAF, only about half (54%) of former welfare recipient families with current incomes below 50% of the poverty level were receiving food stamps. Very low-income former welfare families stopped using food stamps at twice the rate of non-welfare families in the same income bracket (45% versus 23%) (Zedlewski and Brauner, Nov. 1999). Similarly, a USDA study reports that the food stamp participation rate for single-parent households not receiving TANF and without any earnings decreased by 4.3% from 1996 to 1997 (Castner and Cody, 1999). These low food stamp coverage rates for extremely economically insecure families are a major factor contributing to the paradox of hunger in a strong economy.

### *Shift from Public to Private Sector Food Assistance*

In a well-functioning national food assistance system, a significant decline in program participation should indicate *increasing* food security among low-income households and individuals. What we are seeing is the opposite: a *reduction* in food stamp utilization with an *increase* in demand from private food assistance programs.

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[9] Families with gross earnings up to 130% of poverty (approximately $8.50 an hour for a family of three) can be eligible for food stamps. If a single parent of a family of three leaves welfare working approximately 34 hours per week and earning about $6.50 an hour, the family would be eligible for almost $150 in food stamps per month - or almost $1,800 per year - assuming the family has moderate housing costs (Parrott and Dean, 1999).

## DECLINE IN FOOD STAMP PARTICIPATION AMONG POOR FAMILIES WITH CHILDREN

- From 1993 to 1998 the number of poor (before receipt of means-tested benefits) children decreased by 13.4 %, while the number of children receiving food stamps decreased by almost *three times* as much (28.6%) (Primus et al, 1999).
- During fiscal year 1997 alone, the number of children living in poverty dropped by 3% while the number of children participating in the Food Stamp Program dropped as much as 10% (GAO, July 1999).
- In 1994, 94% of eligible poor children were receiving food stamps; by 1998 participation had decreased to 75% for eligible children living in poor families (CBPP, Oct. 1999).

The 1996 PRWORA legislation appears to have deeply diminished the Food Stamp caseload, causing many food stamp recipients to mistakenly believe that they are no longer eligible. For several years now, private emergency food programs have been reporting that welfare reform policies have led to increased numbers of families and individuals seeking emergency food assistance. For example, over half of New York City service providers (58%) reported that welfare policies have increased the prevalence of hunger. Of providers reporting that welfare job centers sent people to their emergency food programs, 74% cited cuts in public assistance, like welfare or food stamp programs, and 63% cited denial of public assistance as the main reasons for increased need for emergency food assistance among poor families (New York City Coalition Against Hunger, 1999). Survey respondents in a greater Philadelphia network of providers also cited welfare reform and a decline in food stamp program participation as the main reasons for increased need (Philabundance, 1999).

The bottom line is that efforts to reduce the welfare rolls appear to have deepened the food insecurity of poor families by undercutting their food stamp participation. An unintended consequence is that for millions of households, workforce participation has been accompanied by hunger. As a result, food-insecure families are being driven to private sources of emergency food such as food banks, soup kitchens, and pantries.

### *Digging Deeper: Why Are Eligible Families Leaving the Food Stamp Program?*

There are many reasons why eligible families are not receiving food stamps, even though they are food insecure and hungry. Under Secretary of Agriculture for Food, Nutrition and Consumer Service, Shirley Watkins, suggests, "The rising stigma surrounding public aid is keeping people from applying for food aid" (Revkin, 1999). Although stigma

previously had not been a major deterrent for participation in FSP (Ponza et al, 1999), the atmosphere and misinformation created by the inflamed anti-welfare rhetoric has caused many eligible households to incorrectly assume they are ineligible, or to fear the administrative burden of applying.

These clearly have been factors in discouraging the poorest families. In a national study, almost half of the families with incomes below 50% of poverty who left FSP reported doing so because of increased earnings or a new job, yet they would not have lost eligibility until their income reached at least 130% of poverty. Another three in ten left food stamps because of administrative problems or hassles (Zedlewski and Brauner, Nov. 1999). Specifically, what policies and practices are keeping families away from a program they may desperately need – and for which they *remain eligible*?

### A. Eligibility Confusion

Confusion over eligibility requirements for both TANF and food stamps on the part of applicants as well as eligibility workers is one of the chief deterrents (GAO, July 1999). For example:

- A study of Wisconsin former welfare recipients found that 34% were unaware that they could qualify for food stamps even though their cash assistance had ended (WDWD, 1999).
- When South Carolina former recipients were asked if they knew they could continue to receive food stamps, 22% responded "no" (SCDSS, 1999).
- A study in four large cities discovered that welfare case workers did not communicate to recipients that they might remain eligible for food stamps and other benefits, if they left welfare for employment (Quint et al, 1999).
- The Urban Institute's NSAF study of families finds that former welfare recipients are more likely to believe that earnings disqualify them for food stamps than other low-income workers (Zedlewski & Brauner, Oct.1999.)

### B. Administrative Practices within the FSP and the New TANF State Programs

USDA regional offices have identified several practices within the FSP which appear to deter applications, including untimely application processing, lack of bilingual staff, confusion over rules and regulations affecting eligibility, and a failure to inform applicants who have been denied TANF benefits about the availability of food stamps (GAO, July 1999).

Furthermore, several states have been found to be in violation of federal law pertaining to food stamps:

- In *New York City*, job centers did not permit households to apply for food stamps during their first visit; did not inform applicants who were denied TANF benefits

or diverted from that program, about the availability of food stamps; and denied food stamps to applicants who did not participate in TANF employment-related activities (GAO, July 1999).

- In *Milwaukee, Wisconsin*, TANF workers failed to inform applicants of their right to file for food stamps on their first visit while awaiting determination of their eligibility for a TANF work program (GAO, July 1999).
- In *Portland, Oregon*, applicants for food stamps had to be in line by 8:30 a.m. or come back the next day. Even if they did arrive on time, they might wait all day without being seen by an eligibility worker causing great hardship for those taking time off work (GAO, July 1999).

Other practices, even while in compliance with federal law, further hinder potential applicants in applying for food stamps:

- Some states have established "diversion" programs that give potential welfare recipients the option to receive one-time or short-term cash assistance to aid them through a particular crisis rather than receiving a monthly welfare check. The TANF diversion process sometimes leads eligible households to be considered ineligible for food stamps.
- Some states require TANF applicants to produce a number of verified job rejections before their application can be processed. This policy can lead to confusion about the right to food stamp eligibility determination on the first visit to the office, particularly if TANF eligibility requirements have not yet been met.
- Under the 1996 federal welfare law, food stamps can be reduced or individual family members can be disqualified from FSP for failure to comply with TANF work or child support requirements. Sixteen states reduce food stamps by up to 25% if a household is penalized under TANF (Zedlewski & Brauner, Oct.1999). The new welfare law also prohibits an increase in food stamp benefits when a household's cash assistance benefit is reduced because of a TANF-imposed sanction.

### C. Burdensome Application and Recertification Processes for FSP

To obtain information about program utilization, USDA commissioned a survey of FSP participants and eligible, non-participating households. After misperceptions about eligibility, the survey found that administrative burdens associated with applying for food stamps were the most common reasons for not applying (Ponza et al, 1999). Mathematica's survey for USDA discovered that the average application involves nearly five hours of client time, including at least two trips to the FSP office or other places. Typical recertification takes nearly 2.5 hours and at least one trip. Out-of-pocket expenses, primarily for transportation, were $10 and $6 respectively (Ponza et al, 1999).

In addition, lack of flexible office hours and easily accessible locations for food stamp application appear to be critical deterrents to application for employed food stamp

eligible families. Frequent (every one to three months rather than every six months) and burdensome recertification requirements not only mean costs in terms of time and money, but also necessitate inconveniencing an employer when a worker needs to seek work schedule adjustments and salary documentation.

### D. Asset Limits and Shelter Cost Caps

Unrealistic **asset limits** exclude otherwise needy households. To be eligible for food stamps, households may have up to $2,000 in countable resources (i.e., checking/savings account, cash, stocks/bonds). The fair market value of a vehicle in excess of $4,650 is included in the determination of countable resources. This latter provision may place a hardship on a family that needs a reliable vehicle to get to work, something that might be hard to meet within the allowed $4,650. Under the 1996 federal welfare law, states are to substitute TANF asset allowances for those of FSP for TANF cash assistance recipients. Newly released USDA policies grant categorical eligibility for food stamps based on TANF vehicle allowance limits (in many states, the full value of a vehicle) and other asset limits to all families receiving *any type* of TANF benefit (e.g., child care assistance) (USDA, July 1999). But other non-TANF, low-income families do not benefit from these new asset limits.

Families with **high shelter costs** may have incomes above 130% of the poverty level and still be food insecure, but not eligible for food stamps. When calculating food stamp eligibility, shelter expenses exceeding half of counted income are taken into consideration. But the 1996 welfare law established lower shelter deduction caps through FY 2001, and froze the deduction at $300 for FY 2001 and beyond. In many areas of the country, this fails to keep pace with escalating housing costs. In contrast, food stamp households with an elderly or disabled member can deduct all shelter expense that exceed 50% of countable income.

### Summing Up the Evidence

While many Americans are experiencing unprecedented economic prosperity, millions in low-wage jobs face shrinking real wages and unreliable employment. Low earnings, along with increased expenses associated with work and rising housing costs, leave them with insufficient money for food. Yet, many eligible families, including those leaving welfare, are not participating in the Food Stamp Program. While it was not the intent of the 1996 federal welfare law to deny low-income families access to food stamps, these policy changes, coupled with a Food Stamp Program not well designed to serve working families, has accomplished precisely this result. Millions of American households are working *and* food insecure, in the midst of an unprecedented national economic boom.

## LEGAL IMMIGRANTS AT GREATER RISK OF FOOD INSECURITY

Many poor *legal* immigrant families have access to less "safety net" assistance than other low-income families. Their exclusion from public assistance programs and their distrust of a system that appears to have rejected them has placed many families at risk of hunger.

**Federal Laws Make Many Legal Immigrants Ineligible for Assistance**

The 1996 federal welfare law restricted legal immigrant eligibility for a wide range of public programs. The law made a distinction between legal immigrants who arrived in this country before and after the law was enacted. Subsequent federal laws have modified some of the restrictions, but states have the option of barring most pre-enactment immigrants from federally funded TANF programs, and some remain ineligible for food stamps. Most post-enactment immigrants are still automatically barred from "federal means-tested benefits," defined to include TANF, food stamps, SSI, non-emergency Medicaid, and the state Child Health Insurance Program.

Historically, poor families eligible for little or no other benefits could at least rely on food stamps. However, one of the severest provisions of the 1996 federal welfare law was to make all non-exempt legal immigrants ineligible for federal food stamp benefits. The year following welfare reform, an estimated 940,000 of the 1.4 million immigrants receiving food stamps lost their eligibility for receiving benefits (GAO, 1998). By September 1998, seventeen states had initiated state-funded programs to provide food assistance to at least some of the legal immigrants who were made ineligible for federal food stamp benefits. These state-funded programs replaced benefits for about one-quarter of those estimated to no longer be eligible for federal food stamps nationwide (GAO, 1998).

The demonstration of state support for providing food assistance to legal immigrants contributed to federal action in restoring food stamp eligibility to some legal immigrants. Of the estimated 820,000 immigrants no longer eligible for food stamps in fiscal year 1999, approximately 250,000 children, disabled adults and elderly had their food stamp eligibility restored. This change included many of the groups covered by the state-funded food assistance programs, but some states have continued their food assistance programs for those legal immigrants they cover who were not included in the federal changes.

Even though many children in legal immigrant families did not lose eligibility for food stamps because they are citizens, it appears that restrictions on their parents' participation deter entire households from participating. From 1994 to 1997, participation in the Food Stamp Program among U. S. born children living with their legal immigrant parents fell faster than participation among children living with citizen parents (a decrease of 37% compared to 15%). Overall, participation of legal permanent residents in the Food Stamp Program fell by 54% (USDA, March 1999).

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**Extent of Food Insecurity Among Legal Immigrants**

Due to loss of benefits and mistrust of the public welfare system, many legal immigrant families are facing food insecurity. A study conducted in 1998 by Physicians for Human Rights reveals the severity of food insecurity among legal immigrants. California, Texas, and Illinois were selected as survey sites, as these states contain a high percentage of the total number of legal immigrants in the U.S. and each has provided for only partial replacement of food stamp benefits. Of the 630 Latino and Asian household members surveyed, 79% of their households were food insecure. More than one in three households reported suffering from moderate or severe hunger due to a lack of resources, with 8.5% of the households experiencing severe hunger (Physicians for Human Rights, 1998).

To determine the prevalence of hunger among children in legal immigrant households where food stamps had been cut in Los Angeles and San Francisco counties, California Food Policy Advocates administered a survey between November 1997 and March 1998. When first surveyed, researchers found that Los Angeles children living in immigrant households where food stamps had been cut were one-third more likely to experience food insecurity with severe hunger than similar immigrant households not impacted by food stamp cuts. By March 1998, half of those households impacted by food stamp cuts experienced household food insecurity. Researchers found a similar circumstances in San Francisco, where 33% of children living in immigrant households with food stamp cuts were experiencing moderate to severe hunger (California Food Policy Advocates, *Legal...*, 1998).

*The Center on Hunger and Poverty will further examine the effect of food insecurity on legal immigrants due to barriers to participation in federal programs, especially the Food Stamp Program, in an upcoming report.*

## IV. Conclusion: A Framework for Response

Available evidence suggests that our nation has entered a new and paradoxical era. The extent of household hunger and food insecurity in a food-rich and politically stable society is a revealing lens through which we see that a strong economy alone is not sufficient to protect millions of households from hunger. The evidence reviewed in this analysis shows remarkably persistent household food insecurity at the national level, with approximately one in ten households reporting difficulty securing access to enough food since 1995, during the very heart of a record economy. Prevalence rates at the state level range as high as 15.4 percent but local studies of at-risk groups – for example, legal immigrants and families using various community-based social service agencies – find rates of food insecurity and hunger that are several times the national rates. Across the country, food banks, pantries, and soup kitchens report rising utilization rates and numbers of clients, increasing numbers of unfulfilled requests, growing instances of evening hours to serve needy working households, and a disturbing shift in client composition toward families with children.

The proximate causes of this most striking paradox of hunger during unprecedented economic prosperity are both close and far away. They are the result of aggressive changes in social safety nets undertaken in the last half decade, but they also lie deeply within the structure of the economy itself. Together, these forces have created great stress for millions of families who remain economically vulnerable – a paycheck or illness or major car repair away from serious economic hardship.

When so many who play by the rules of work and responsibility are unable to feed their own families, something clearly is wrong. When this outcome is associated with a super-hot economy, it is a striking, even unprecedented situation. It is a situation that calls for responses at several levels.

**In the short term**, to alleviate the risk of food deprivation, changes are needed to *increase the accessibility of the Food Stamp Program to a wider range of families and individuals in need, including working poor households*. The Food Stamp Program plays a pivotal role in the ability of millions of poor households to access sufficient foodstuffs that are safe and nutritionally adequate, without resorting to emergency handouts. The Food Stamp Program dwarfs the size of the private emergency food system, and there is no basis for thinking that the latter can ever constitute more than a minor complement to this important means-tested public assistance program.

Recognizing the fallout of the 1996 federal welfare law on the Food Stamp Program, the Administration has taken steps to address the confusion over eligibility and administrative practices that have been driving low-income families away from the program. In July 1999, the White House announced a plan to move in the right direction. The Food Stamp Program, however, is the nation's single most important program to safeguard the dietary well-being of the population, particularly at this time in which full-

time work no longer guarantees three meals a day. Families who need food stamps are not getting them and stronger *federal* measures are required to rectify this problem including:

- Restoration of food stamp eligibility for low-income legal immigrants.
- Updating the vehicle allowance rules for all food stamp households.
- Raising the cap on the shelter expense deduction for families with children that have high shelter costs.
- Improving the monitoring of state compliance with food stamp regulations.

At the *state* level, it is imperative that governors and state welfare administrators take full advantage of the options now available to educate families about their eligibility for food stamps and to ease the application process and client reporting requirements. More specifically, the following measures should be undertaken:[10]

- Apply to USDA for federal matching funds to develop state FSP education plans concerning benefits, eligibility, and application procedures.
- At the time of initial application to or termination from TANF, ensure that food stamp eligibility is determined, even when TANF eligibility is in question.
- Ensure that food stamp eligibility determination procedures do not create insurmountable barriers for working people through lack of convenient office hours or difficult-to-get-to locations.
- Ensure that food stamp verification procedures are not unduly harsh by implementing the new USDA policy provisions which allow for: a) switching from a monthly to a quarterly reporting system for households with earned and unearned income; b) lengthening the certification period from three to six months; and c) raising the reporting threshold for an increase in gross monthly income from $25 to $100.

**Over the medium-term**, an important challenge will be *to reorient the Food Stamp Program to more effectively reward the work efforts of low-income working families by protecting their dietary well being*. Historically, these families have not been well served by the program with only about 40% of those eligible actually receiving assistance (Zedlewski & Brauner, Nov. 1999). The program's low coverage of working poor families reflects a basic structural problem with the FSP: it was designed to complement public assistance programs and was used largely by individuals who were receiving such assistance or who were unemployed. The composition of eligible households has shifted significantly over time to include higher proportions of working but poor households. The FSP needs to be delinked from welfare and recast as a program with a significant clientele of working poor families as well as individuals who are chronically unemployed or indigent.

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[10] The first and fourth measures are encouraged by the Administration's new Food Stamp Policy directive of July 1999 and the second measure is a longstanding element of federal food stamp policy.

**Over the long run**, the Food Stamp Program and the food assistance provided by emergency providers cannot be expected to resolve the underlying *causes* of hunger and food insecurity in America. Fundamentally, these problems are manifestations of poverty and household economic insecurity. One of the most striking features of the current era is the vacuum that exists at the national level concerning a cohesive social welfare policy. Key elements of the New Deal framework have been dismantled while others are notably out of date with the times.

The nation is in need of an overarching policy framework that includes three key elements:

- Revamped social insurance system (including improved unemployment insurance and mechanisms for portable benefits);
- More comprehensive income and tax programs to enable families to supplement their earnings and stabilize their financial circumstances; and
- Policies which promote the accumulation of household assets and economic security for families over their lifetimes.

As the America of 2000 unfolds, social policy need not continue to lag behind current social and economic realities. Important opportunities exist for proactively developing social policy and labor market institutions that support and undergird family economic security and well being for all Americans.

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